

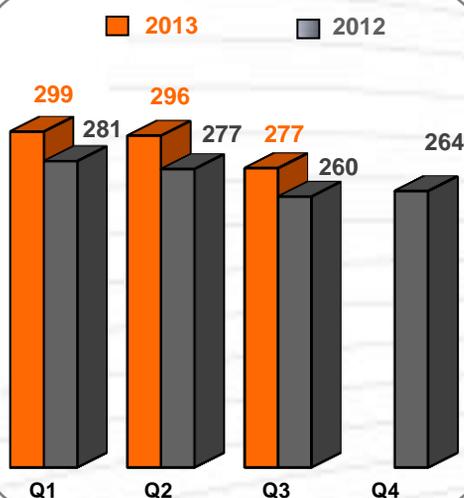
**LISI announces an increase of 7.8% of its sales revenue in the third quarter of 2013 at constant scope and exchange rates**

# FINANCIAL INFORMATION

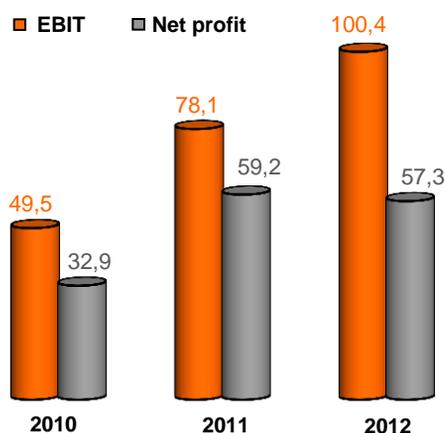


## Quarterly Consolidated sales

In million euros



## EBIT\* & Net Profit in €M



\* After participation and profit-sharing expenses

- Maintained increased rate of growth at LISI AEROSPACE: Up 14.7% in the first nine months of the year, including 10.2% in Q3
- LISI AUTOMOTIVE returns to growth: +2.3% in Q3
- Confirmation of annual objectives: double-digit operating margin and positive Free Cash Flow<sup>1</sup>

<sup>1</sup> Free Cash Flow: cash flow from operations minus net capital expenditures and changes in working capital requirements.

in millions of euros	Change			
	2013	2012	2013 / 2012	2013 / 2012 on a like for like basis
1 <sup>st</sup> quarter	298,6	281,2	+ 6,2 %	+ 7,0 %
2 <sup>nd</sup> quarter	296,2	276,5	+ 7,1 %	+ 8,2 %
3 <sup>rd</sup> quarter	277,0	260,2	+ 6,5 %	+ 7,8 %
<b>Cumulative, as of September 30</b>	<b>871,8</b>	<b>817,9</b>	<b>+ 6,6 %</b>	<b>+ 7,6 %</b>

During the third quarter of the 2013 financial year the LISI Group has maintained a sustained rate of growth (up 6.5%) despite a negative exchange rate effect: at the same consolidation scope and exchange rates, sales revenues were up 7.8% on the corresponding period last year.

This growth has allowed the Group to post sales revenues of € 871.8M for the first nine months of the financial year (i.e. similar growth rates of +6.6% in published data and +7.6% at the same consolidation scope and exchange rates, respectively). This performance reflects sustained dynamism in the aerospace business (+14.7% in cumulative published data), which represented 58% of consolidated sales revenues, as well as the gradual return to slight growth in the Automotive Division (+2.3%).

With steady growth over several consecutive months, the share of consolidated sales revenues outside France represented 67.3 % of the total, being € 586.5M to September 30, 2013, up 8.1% as compared with September 30, 2012.

## COMMENTS BY LINE OF BUSINESS

### LISI AEROSPACE ( 58 % of total consolidated revenue)

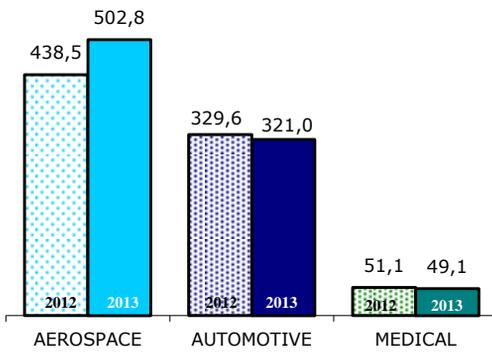
- Commercial aircraft market continues to be good
- New quarter with double-digit growth on a higher comparison base

in millions of euros	Change			
	2013	2012	2013 / 2012	2013 / 2012 on a like for like basis
1 <sup>st</sup> quarter	172,9	141,8	+ 21,9 %	+ 21,6 %
2 <sup>nd</sup> quarter	169,8	151,4	+ 12,1 %	+ 13,0 %
3 <sup>rd</sup> quarter	160,1	145,3	+ 10,2 %	+ 12,4 %
<b>Cumulative, as of September 30</b>	<b>502,8</b>	<b>438,5</b>	<b>+ 14,7 %</b>	<b>+ 15,6 %</b>



### **Sales in million euros**

End of September



### **Commercial aircraft market continues to be good**

The basis of the market, measured in passenger traffic, remains solid (+4.2% at end September - source IATA), freight transport has stabilized (+0.8%), while the Premium segment is quite dynamic (+3.0%). Over 3 years traffic has increased on average by 5% annually.

As a result the orders books of the two largest manufacturers continued to grow in the 3<sup>rd</sup> quarter, with 233 orders and 180 deliveries for Boeing and 354 orders and 150 deliveries for Airbus. In its latest announcement, Airbus says that its order book is full for the next 8 financial periods, and is examining solutions how to increase its rates. This good situation has a knock-on effect on the whole line of subcontractors for assembly of aerostructures and components such as engines.

On the other hand, other parts of the aerospace industry have remained stable, or have even dropped back a bit, such as the helicopter and military segments. Only regional turbo-props, such as ATR, still have potential for the launch of new platforms.

### **New quarter with double-digit growth on a higher comparison base**

The division has maintained double-digit growth on account of:

- The "Europe Fasteners" business, which having posted sustained growth until Q3 (+12.0%), should settle at this very high level over the next few months. The "US Fasteners" platform has posted a 6.8% sales growth, before possibly benefiting from increases at Boeing and the current contract. Other segments of the US market, such as distribution, are stable or even down (regional aircraft, military).
- The "Structural Components" segment confirmed expectations with a sustained growth rate (up 13.8% for the 3<sup>rd</sup> quarter), to meet increased demand.

The effects of exchange rate variations, mainly the drop of the US dollar and sterling against the euro, came to over 2% of 3<sup>rd</sup> quarter sales revenues.

LISI AEROSPACE has continued to examine several major projects, especially for engine manufacturers (Leap, Silvercrest, PP20, GE9X) while complying with the increased demands for satisfactory service for its customers.

Order taking dropped in Europe but remains satisfactory in the USA.

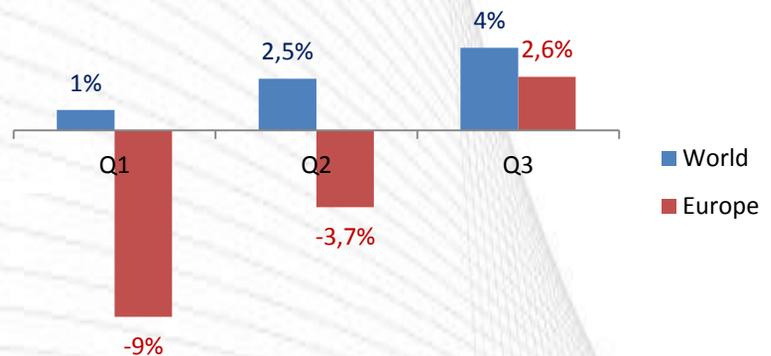
On the operational level, the division continues to benefit from an optimal workload in Europe, though still below expectations in Torrance (USA). The "Structural Components" division remains very active in its development programs (A350, A320 Neo, Leap pods, GTF etc), which require heavy recruiting of operational staff in the coming months. Deployment of the LEAP program (LISI Excellence Achievement Program) is continuing according to plan, and all the division's factories are working on the first level of improvement for work stations, the organization of focused work groups, and ambitious targets for ongoing improvement.

## LISI AUTOMOTIVE ( 37 % of total consolidated revenue)

- European market stabilizes at low point
- Favorable base effect for LISI AUTOMOTIVE sales revenues

in millions of euros	Change			
	2013	2012	2013 / 2012	2013 / 2012 on a like for like basis
1 <sup>st</sup> quarter	110,2	122,0	- 9,7 %	- 7,9 %
2 <sup>nd</sup> quarter	110,2	109,3	+ 0,9 %	+ 2,4 %
3 <sup>rd</sup> quarter	100,6	98,3	+ 2,3 %	+ 2,5 %
<b>Cumulative, as of September 30</b>	<b>321,0</b>	<b>329,6</b>	<b>- 2,6 %</b>	<b>- 1,3 %</b>

### European market stabilizes at low point (source LMCA-LV oct. 2013)



Even though at a global level new registrations were up 4% in the 3rd quarter, in Europe they came to +2.6%, thanks to a favorable comparison base and a rebound of 5.5% in September. For the first nine months of the year the drop was 4% as compared with the corresponding period in 2012, evidence of the continuing softness of volumes.

The production of LISI AUTOMOTIVE's European customers is in line with this (overall down 2.7%, up 3% in the 3rd quarter), but with sharp differences between the French (overall -5.3% and -5.4% for the 3rd quarter) and German (-1.6% and +3.3%) car manufacturer customers.

### Favorable base effect for LISI AUTOMOTIVE sales revenues

In Q3 2012 LISI AUTOMOTIVE was sharply down, so much so that a comparison with 2013 shows a recovery of +2.3%, while the trend of daily sales has remained stable since Q2. The drop in LISI AUTOMOTIVE sales in the first nine months of the year (-2.6%) is still better than the European market (-4.0%) and in line with the drop in European production of LISI AUTOMOTIVE's customers.

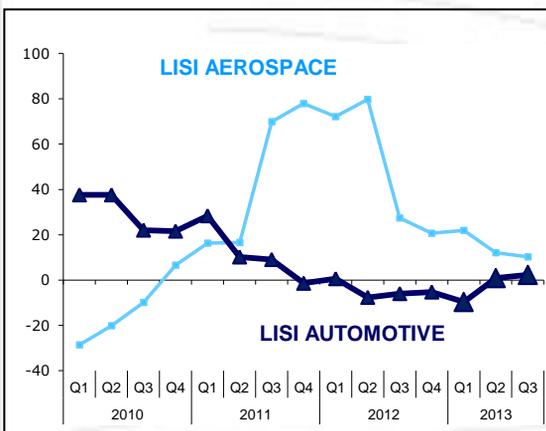
By segment it should be noted that business with the major parts manufacturers worldwide has benefitted from a strong world market to post the best results of the division. This expansion has also been supported by many projects in development. The two Chinese locations are continuing their growth (overall +15%) in order to capture a share of the local supply of the western manufacturers and especially the parts manufacturers.

At the operational level, the division is still suffering from significant volatility in its customers' requirements, especially in the screws segment. The division has also suffered a degree of imbalance in the distribution of the workload between the various locations, particularly between France and Germany. Nevertheless, the reduction in fixed costs has let it continue the improvement of its results in comparison with 2012, despite the ongoing effect of the drop in volumes caused by French car manufacturers.

Other operating indicators have stabilized and the LEAP program is also making a significant contribution to the improvement of LISI AUTOMOTIVE's industrial performance.



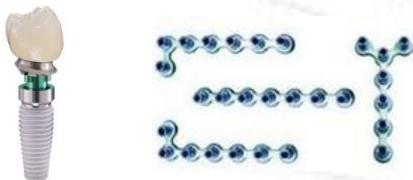
### % Sales Variation per division / N-1



## Spine



## Dental & CMF



## Knee



## Hip



## Trauma



## Extremities



## **LISI MEDICAL (5 % of total consolidated revenue)**

- Complex market conditions that are making the division's recovery difficult
- Continuation of productivity improvements and innovations with a view to the long-term

<i>in millions of euros</i>				<b>Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 / 2012</b>	<b>2013 / 2012 on a like for like basis</b>
1 <sup>st</sup> quarter	16,0	17,9	- 10,8 %	- 10,9 %
2 <sup>nd</sup> quarter	16,6	16,2	+ 2,8 %	+ 2,9 %
3 <sup>rd</sup> quarter	16,5	17,0	- 3,0 %	- 2,6 %
<b>Cumulative, as of September 30</b>	<b>49,1</b>	<b>51,1</b>	<b>- 3,9 %</b>	<b>- 3,8 %</b>

### **Complex market conditions that are making the division's recovery difficult**

In a market that is not well documented, some trends can nonetheless be seen:

- the market is continuing to grow in terms of volumes in the long-term with a rise of +2% to +4%, depending on the orthopedic sectors,
- inventories in the industry remain too high,
- downward pressures on prices by the bodies reimbursing medical expenses have been taken into account by all the players in the market.

Within this context LISI MEDICAL has continued its adaptation process, reflected in strengthening its positions in strategic fields. However, in Q3 this progress did not compensate for the drop in sales with dental customers or ones who are part of groups.

Comparison with the previous period must take into account a sharp technical reduction in inventories of about € 2M that occurred in the 3rd quarter of 2012.

### **Continuation of productivity improvements and innovations with a view to the long-term**

The Group's target is to consolidate LISI MEDICAL in the most attractive markets by applying differentiation to processes, excellence and integration. As is in the other divisions, the plans for improving conditions of production are continuing with the deployment of the LEAP program to all sites. Nevertheless, productivity is still insufficient.

The plan to deploy unbranded products has started with first deliveries for customers for launch during the period.



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**The next announcements will appear  
after close of trading on Paris Euronext**

📅 Annual results 2014: February 20, 2014

📅 Q1 2014: April 23, 2014

## Post balance sheet date event:

On October 17, 2013 the LISI Group announced a private placement financing for the equivalent of USD 75 million. Drawn down in euros (€ 56 M), this new financing has been taken out with an American institutional investor as a USPP (US Private Placement), with final maturity in 10 years, an average life of 7 years and a coupon fixed at 3.64 %. This transaction is intended to finance general requirements and optimizes an already healthy financial structure.

## PROSPECTS AND COMMENTS ON THE FINANCIAL IMPACT OF THE BUSINESS

The Aerospace Division should see its main growth area (Europe Fasteners) reach a plateau during the next quarter while the US should continue at the same rate of growth as stated at the start of the financial year. This scenario is supported by delivery forecasts for the coming months. The "Structural Components" segment will retain the very dynamic trends of 2013 on account of the finalization of projects that are still in the development stage. In the long-term the division, which has exceptional visibility, can achieve higher growth rates when certain programs such as the A350 and, to a lesser degree, the B787 will have achieved industrial maturity.

In the automotive division, the favorable comparison base of Q4 2012, when the car manufacturers seriously reduced inventories, should let LISI AUTOMOTIVE post higher sales revenues in Q4 2013 without yet seeing any strong signs of a solid recovery. The huge efforts on the fixed costs base should nevertheless allow confirming an improvement in results as compared with 2012.

The Medical division, like Automotive, also benefits from a favorable comparison base in 2012 and is gradually consolidating its profitability at levels that are still inadequate. Improvement in performance will come through a significant increase in business volumes.

The group confirms its target for the whole of the 2013 financial year, as announced with the consolidated results for the first half-year: a double digit operating margin and positive Free Cash Flow for the year.